

1 WILLIAM D. HYSLOP
2 WSBA# 11256
3 LUKINS & ANNIS, P.S.
4 1600 Washington Trust Financial Center
5 717 W Sprague Ave
6 Spokane, WA 99201-0466
7 Telephone: (509) 455-9555
8 Facsimile No.: (509) 747-2323

THE HON. LONNY R. SUKO

8 UNITED STATES DISTRICT COURT
9 EASTERN DISTRICT OF WASHINGTON

10 RED 1 INVESTMENTS, INC.,
11 Plaintiff,
12 v.
13 AMPHION INTERNATIONAL LTD.,
14 AMPHION INTERNATIONAL INC.,
15 Defendants.

NO. CV-06-279-LRS

DEFAULT JUDGMENT
AGAINST DEFENDANTS
AMPHION INTERNATIONAL
LTD. AND AMPHION
INTERNATIONAL INC.

17
18 This matter coming on the Motion by Plaintiff RED 1 Investments, Inc. for
19 entry of a Default Judgment against Defendants Amphion International Ltd. and
20 Amphion International Inc.; and

21 It appearing from the files and the records of this Court that venue and
22 jurisdiction in U. S. District Court, Eastern District of Washington is proper,
23 pursuant to 28 USC §§ 1332 and 1391 and per the contractual agreements of the
24 parties;
25
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DEFAULT JUDGMENT AGAINST DEFENDANTS: 1

LAW OFFICES OF
LUKINS & ANNIS, PS
A PROFESSIONAL SERVICE CORPORATION
717 W Sprague Ave., Suite 1600
Spokane, WA 99201
Telephone: (509) 455-9555
Fax: (509) 747-2323

1 It appearing from the files and the records of this Court that an Order of
2 Default of Amphion International Ltd. and Amphion International Inc. has
3 heretofore been entered by the Clerk of the Court on November 17 , 2006 (Ct. Rec.
4 26);
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6 It appearing from the files and the records of this Court, and from the
7 Affidavits of Howard F. Delaney and of William D. Hyslop filed herein, that a sum
8 certain of the amount for entry of a default judgment can be made against
9 defendants Amphion International Ltd. and Amphion International Inc., jointly and
10 severally, and it appearing that certain non-monetary relief against said defendants
11 is requested and warranted;
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13 NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED, AND
14 DECREED that RED 1 Investments, Inc. does have and recover from the
15 Defendants Amphion International Ltd. and Amphion International Inc., jointly
16 and severally, a Default Judgment as follows, and
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- 18 1. The sum of One Million, Eight hundred eighty-eight thousand,
19 three hundred twenty-six dollars and forty-two cents
20 (\$1,881,326.42), representing the total unpaid sum due and
21 owing the Plaintiff for principal, interest at seven percent (7%)
22 per annum through the September 1, 2006 date of default, and
23 interest accrued thereafter at twelve percent (12%) per annum
24 from September 2, 2006 to the date of judgment, all which
25 amounts are owed per the March 1, 2004 Promissory Note
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DEFAULT JUDGMENT AGAINST DEFENDANTS: 2

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1 between Plaintiff RED 1 Investments, Inc. and Defendants
2 Amphion International Ltd. and Amphion International Inc.

3 2. The sum of Thirty-one thousand, five hundred sixty-two dollars
4 and seventy-five cents (\$31,562.75) for reasonable attorney's
5 fees, and Ten thousand, nine hundred eighty-four dollars and
6 fifty-four cents (\$10,984.54) for costs and expenses.

7
8 3. Together representing a combined Total Judgment Amount of
9 One million, nine hundred twenty-three thousand, eight
10 hundred seventy-three dollars and seventy-one cents
11 (\$1,923,873.71).

12
13 4. Interest shall accrue on the aforesaid Total Judgment Amount
14 from the date of Judgment until fully paid at the contractual rate
15 of twelve percent (12%) per annum as set forth in the
16 Promissory Note.

17 5. Plaintiff has a security interest in the Accounts, Chattel Paper,
18 Documents and Instruments, Equipment, Fixtures, General
19 Intangibles, Inventory and Intellectual Property of Amphion
20 International Ltd. and Amphion International Inc., existing as of
21 March 1, 2004, or thereafter acquired or coming into existence,
22 all additions and accessions thereto, all substitutions and
23 replacements thereof, and all proceeds from the sale thereof.
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DEFAULT JUDGMENT AGAINST DEFENDANTS: 3

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6. That as to any competing security interests held by third parties in the aforementioned property, excluding the Intellectual Property, the priority of the aforesaid security interest of RED 1 Investments, Inc., is established as of the following dates as a result of UCC-1 filings in the following states:

State of Georgia April 20, 2004

State of Washington April 19, 2004

District of Columbia April 22, 2004

7. That as to any competing security interest held by third parties in the aforementioned Intellectual Property of Amphion International Ltd. and Amphion International Inc., the priority date of the aforesaid security interest of RED 1 Investments, Inc., is established as of April 15, 2004, the date of filing of the Notice of Grant of Security Interest in Patents as executed by Amphion International Ltd. in favor of RED 1 Investments, Inc. as to the following Patents:

<u>Patent No.</u>	<u>Description of Patent</u>	<u>Issue Date of Patent</u>
RE 38,130	Biological Decontamination System	06/03/2003
US 5,466,425	Biological Decontamination System	11/14/1995
US 5,915,161	Microbe Stunning Device	06/22/1999
US 5,993,749	Mise Treatment Device	11/30/1999
US 5,965,093	Decontamination System with Improved Components	10/12/1999

DEFAULT JUDGMENT AGAINST DEFENDANTS: 4

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8. That as to any competing security interest held by third parties in the aforementioned Intellectual Property of Amphion International Ltd. and Amphion International Inc., the priority date of the aforesaid security interest of RED 1 Investments, Inc., is established as of July 18, 2005, the date of filing of the Notice of Grant of Security Interest in Patents as executed by Amphion International Ltd. in favor of RED 1 Investments, Inc. as to the following Patent:

<u>Patent No.</u>	<u>Description of Patent</u>	<u>Issue Date of Patent</u>
6,890,443	Spin filter system	05/10/2005

9. That as to any competing security interest held by third parties in the aforementioned Intellectual Property of Amphion International Ltd. and Amphion International Inc., the priority date of the aforesaid security interest of RED 1 Investments, Inc., is established as of April 15, 2004, the date of filing of the Notice of Grant of Security Interest in Trademarks as executed by Amphion International Ltd. in favor of RED 1 Investments, Inc. as to the following Trademarks:

<u>Registration No.</u>	<u>Trademark</u>	<u>Issue Date of Trademark</u>
2,700,624	MISE	03/25/2003
2,700,626	LYTIC	03/25/2003

DEFAULT JUDGMENT AGAINST DEFENDANTS: 5

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1 10. That the Commissioner for Patents and the Commissioner for
2 Trademarks of the United States Patent and Trademark Office
3 are hereby ordered to immediately effectuate the assignment of
4 the aforesaid patents and trademarks to RED 1 Investments,
5 Inc.

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8 11. The Preliminary Injunction entered by this Court, dated October
9 11, 2006 (Ct. Rec. 20) is hereby converted by separate order to
10 a final Permanent Injunction. Notwithstanding the provisions
11 of the Preliminary Injunction, the Permanent Injunction shall
12 provide that the assets of Amphion International Ltd. and/or
13 Amphion International Inc. which have been seized by RED 1
14 Investments, Inc., per prior orders of this Court or as assigned
15 per this Judgment, may be held or, after giving due and proper
16 notice to Defendant and any parties claiming junior security
17 interests therein, may be sold by RED 1 Investments, Inc. in a
18 commercially reasonable manner.

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21 12. The liability for the Judgments against Amphion International
22 Ltd. and Amphion International Inc. shall be joint and several.

23 13. This is a final judgment for all purposes.
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DEFAULT JUDGMENT AGAINST DEFENDANTS: 6

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A PROFESSIONAL SERVICE CORPORATION
717 W Sprague Ave., Suite 1600
Spokane, WA 99201
Telephone: (509) 455-9555
Fax: (509) 747-2323

1 DATED this 28th day of February, 2007.

2 *s/Lonny R. Suko*

3 LONNY R. SUKO

4 United States District Judge

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DEFAULT JUDGMENT AGAINST DEFENDANTS: 7

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